

**REPORT OF THE AUDIT OF THE  
FORMER JESSAMINE COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2006**

## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FORMER JESSAMINE COUNTY SHERIFF**

**For The Year Ended  
December 31, 2006**

Mountjoy & Bressler, LLP has completed the Former Jessamine County Sheriff's audit for the year ended December 31, 2006. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$83,266 from the prior year, resulting in excess fees of \$210,819 as of December 31, 2006. Revenues increased by \$70,014 from the prior year and expenditures decreased by \$13,252.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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The Honorable William Neal Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Former Jessamine County Sheriff  
Honorable Kevin Corman, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Former County Sheriff of Jessamine County, Kentucky, for the year ended December 31, 2006. This financial statement is the responsibility of the Former Jessamine County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Former Jessamine County Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles general accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Former Jessamine County Sheriff for the year ended December 31, 2006, in conformity with the regulatory basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated August 7, 2008, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to discuss the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Honorable William Neal Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Former Jessamine County Sheriff  
Honorable Kevin Corman, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

This report is intended solely for the information and use of the County Sheriff and Fiscal Court of Jessamine County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy and Bressler, LLP

August 7, 2008

JESSAMINE COUNTY  
JOE WALKER, FORMER SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2006

Revenues

Federal Grants		\$ 48,971
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		72,906
State Fees For Services:		
Finance and Administration Cabinet	\$ 25,199	
Conveying Prisoners	8,346	
Return of Fugitives	8,437	
Summoning of Witnesses	786	
Juror's Meals	199	
Arrest Fees	2,100	
Sheriff Security Service	53,392	
Bond Refund	112	
Court Security	50,927	
Telecommunications Tax	5,415	154,913
Circuit Court Clerk:		
Fines and Fees Collected		11,766
Fiscal Court		
Election Commissions	1,320	
Fiscal Court Meetings	130	
Budget Allotment	542,207	543,657
County Clerk - Delinquent Taxes		3,111
Commission On Taxes Collected		585,740
Fees Collected For Services:		
Auto Inspections	30,340	
Accident/Police Reports	2,300	
Carrying Concealed Deadly Weapon Permits	12,795	
Carrying Concealed Deadly Weapon Photos	1,185	
Executions	66,235	
Sheriff's Sale	534	
Sheriff's Security Fees	3,540	
Sheriff's Add-On Fees	98,498	

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
 JOE WALKER, FORMER SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2006  
 (Continued)

Revenue (Continued)

Tax Bill Printing	\$	6,117	
Conveying Prisoners		312	
Vending Machine Commissions		192	
Miscellaneous		2,293	
Forfeited - Abandoned Property		427	\$ 224,768
Interest Earned			4,404
Borrowed Money:			
State Advancement			300,000
Total Revenues			1,950,236

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-			
Deputy's Gross Salaries	941,363		
KLEFPF	57,914		
Victim's Advocate Grant	35,516		
Employee Benefits-			
Employer's Share Retirement	15,319	1,050,112	
Contracted Services-			
Advertising	6,218		
Computer Support	29,911		
Vehicle Maintenance and Repairs	26,931		
Materials and Supplies-			
Office Materials and Supplies	19,740		
Uniforms	17,581		
Uniforms Laundry	8,529		
Detective Supplies	2,369		
Auto Expense-			
Gasoline	59,620		

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
 JOE WALKER, FORMER SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2006  
 (Continued)

Operating Expenditures and Capital Outlay (Continued)

Other Charges-

Return on Fugitives	\$	8,325	
Postage		8,177	
Juror's Meals		208	
Bond		112	
Carrying Concealed Deadly Weapon Permit		8,065	
Sheriff's Sale		482	
Tax Bill Preparation		2,315	
Miscellaneous		1,821	
Audit		8,364	
Telephone		18,477	
Training		8,817	
Radio Repairs		595	
Settlement		7,000	\$ 243,657

Capital Outlay-

Radios		3,634	
Cruiser Equipment		14,705	
Firearms		7,418	
Office Equipment		32,376	
Vehicles		4,966	63,099

Debt Service:

State Advancement		300,000
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Total Expenditures		1,656,868
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Net Revenues	\$	293,368
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Less: Statutory Maximum		79,247
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Excess Fees		214,121
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Less: Training Incentive Benefit		3,302
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Excess Fees Due County for 2006		210,819
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Payments to Fiscal Court - June 30, 2006		30,616
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Payments to Fiscal Court - February 12, 2007		171,121
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Payments to Fiscal Court - March 22, 2007		9,082
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Balance Due Fiscal Court at Completion of Audit	\$	0
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The accompanying notes are an integral part of this financial statement.



JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2006

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2006 services
- Reimbursements for 2006 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2006

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

## Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 10.98 percent for the first six months and 13.19 percent for the last six months of the year. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 25.01 percent for the first six months and 28.21 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

## Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2006, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Victims Advocacy Account

During 2006, the Sheriff's office received a federal grant that passed through the Kentucky Justice and Public Safety Cabinet. The projected grant budget was \$48,971. During 2006, the Sheriff's office received \$39,677 as pass-through funds and \$9,294 as matching funds from the Jessamine County Fiscal Court for a total of \$48,971.

The matching funds from the Jessamine County Fiscal Court are accounted for in a separate bank account. The balance in this account as of January 1, 2006 was \$610. During 2006, receipts (including interest, matching and reimbursements) and disbursements were \$13,037 and \$13,556, respectively. The balance in the account as of December 31, 2006 was \$91.

Note 5. Drug Forfeiture Account

During 2006, the Sheriff's office received proceeds from the confiscation, surrender, or sale of real and personal property involved in drug related convictions. These proceeds may be used for certain operating expenditures (excluding personnel services, and employee benefits) of the Sheriff's office. The balance in this account as of January 1, 2006 was \$57,211. During 2006, receipts (including interest) and disbursements were \$1,774 and \$58,970, respectively, leaving a balance in the account as of December 31, 2006 of \$15.

Note 6. Tax Escrow Account

The Sheriff deposits unclaimed tax overpayments into an escrow account upon completion of his annual tax settlement. According to KRS 393.110, the Sheriff should report annually to the Kentucky State Treasurer any unclaimed money in this escrow account. If not claimed within three years, these funds are presumed abandoned, and should be turned over to the Kentucky State Treasurer, in accordance with KRS 393.110.

Note 7. Subsequent Events

In July 2005, the United States District Court, Eastern District of Kentucky, Lexington, entered a summary judgment in favor of the Jessamine County Fiscal Court relative to an alleged violation of a plaintiff's civil rights arising out of the alleged use of excessive force by the defendants, two Jessamine County Deputy Sheriffs and the Jessamine County Sheriff's Department. The plaintiff also alleged a violation of the rights to be free from unreasonable search and seizure. In August 2005, the plaintiff appealed the summary judgment to the United States Court of Appeals for the Sixth Circuit. In July 2006, the Court of Appeals overruled the portion of the summary judgment with reference to excessive force and remanded the matter back to State Court. In 2006, the State Court dismissed the case. The plaintiff appealed. As of August 7, 2008, the case has been dismissed.

In 2007, the Jessamine County Sheriff Office settled on litigation where the Plaintiff alleged that his civil rights were violated when he was discharged from the sheriff's department on January 18, 2007. The lawsuit was filed and settled in August 2007. Kentucky Association of Counties (KACO) Claims Service Unit paid a part of the settlement, and the Sheriff's office paid \$30,000 from the 2007 Sheriff Fee Account.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable William Neal Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Former Jessamine County Sheriff  
Honorable Kevin Corman, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Former Jessamine County Sheriff for the year ended December 31, 2006, and have issued our report thereon dated August 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Former Jessamine County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Former Jessamine County Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Former Jessamine County Sheriff's financial statement for the year ended December 31, 2006, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Kentucky Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy & Bressler, LLP

August 7, 2008